

A L A S K A

Visitor Statistics Program

Alaska Visitor Volume and Profile

Summer 2006



Conducted by



In association with:

DataPath Systems

Davis, Hibbitts & Midghall, Inc.

State of Alaska
Department of Commerce,
Community and Economic Development

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Executive Summary

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AVSP Overview

The Alaska Visitor Statistics Program is a statewide visitor study periodically commissioned by the Alaska Department of Commerce, Community and Economic Development. The study provides the state government and the tourism industry essential information on one of Alaska's major economic engines: out-of-state visitors. AVSP V (the fifth generation of the program) consists of two main components:

Visitor Volume: The Visitor Volume estimate is a count of the number of out-of-state visitors exiting Alaska, by transportation mode, during the study period.

Visitor Survey: The Visitor Survey is administered to a sample of out-of-state visitors departing Alaska at all major exit points. The survey includes questions on trip purpose, transportation modes used, length of stay, destinations, lodging, activities, expenditures, satisfaction, trip planning, and demographics.

The study is undertaken in two stages: Summer 2006 (May 1-September 30) and Fall/Winter 2006-2007 (October 1-April 30). This report addresses the summer period.

Project Team

The AVSP V project team was lead by the McDowell Group, Inc., a research and consulting firm with offices in Juneau, Anchorage, and Kodiak. They were assisted by Davis, Hibbitts & Midghall (DHM) based in Portland, Oregon and DataPath Systems of Whitehorse, Yukon Territories.

Changes for AVSP V

While AVSP V collects much of the same information as in previous generations of the study, several significant methodological changes were incorporated: an exit (rather than entry) methodology, the consolidation of three survey instruments into one instrument, and the use of online surveying. Details on these changes can be found in the Introduction and Methodology chapters.

Methodology

The Visitor Volume estimate was based on visitor/resident tallies of 49,703 travelers exiting Alaska at major exit points. The resulting ratios were applied, by month and by location, to traffic data (for example, highway border crossings, ferry disembarkations, airport enplanements) to arrive at the visitor volume estimates.

The Visitor Survey included 2,703 intercept surveys (in-person interviews) and 2,956 surveys completed online, for a total of 5,659 surveys. Visitors were surveyed at all major exit points: airports, highways, cruise ship docks, and ferries. To obtain the online sample, "invitation cards" were distributed to visitors during intercept sample periods, inviting them to participate in the web-based survey. The response rate for the intercept survey was 86 percent; for the online survey, 18 percent. All data was weighted to reflect actual traffic volumes by mode of transportation.

Please see the Methodology chapter for further details.

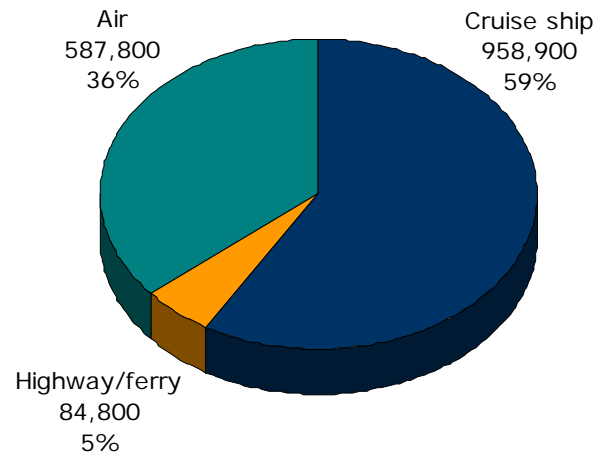
Visitor Volume

Visitor Volume, Summer 2006

An estimated 1.63 million out-of-state visitors came to Alaska between May and September, 2006. Of this number, 958,900 were cruise ship passengers, 587,800 were air visitors (entered and exited the state by air), and 84,800 were highway/ferry visitors (entered or exited the state by highway or ferry). Of the total market, 1.34 million were vacation/pleasure visitors, in addition to 146,000 travelers whose main purpose was to visit friends or relatives, and 148,000 business-related visitors.

Southeast Alaska attracted the highest number of Alaska visitors at 1.2 million. Southcentral was visited by 907,000 visitors, and the Interior region by 534,000 (including 450,000 to Denali alone). The two regions with the smallest number of visitors were Southwest (54,000) and Far North (49,000).

*Alaska Visitor Volume, Summer 2006
By Transportation Market*

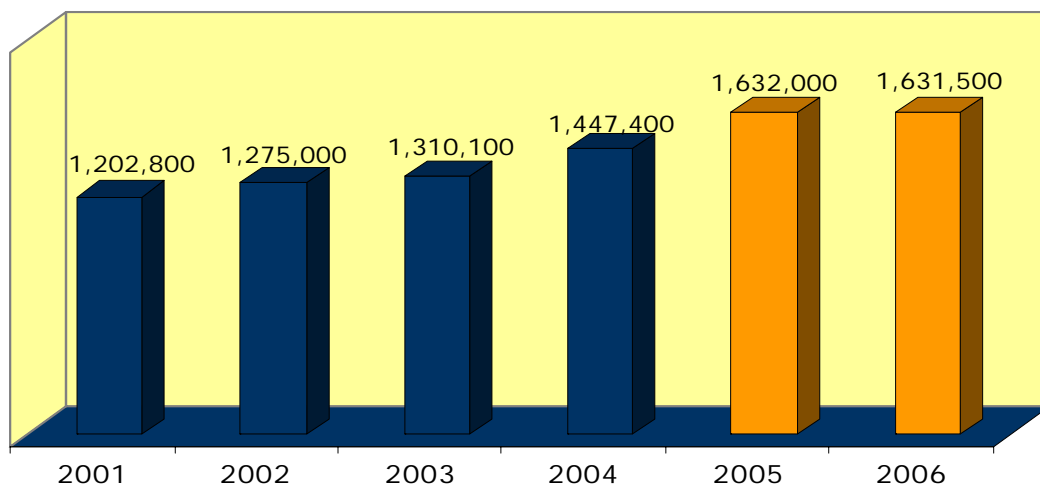


Total Visitor Volume: 1,631,500

Visitor Volume Trends

The chart below shows trends in estimated visitor volume, measured by mode of entry (2001-2004) and exit (2005-2006). Visitation has increased gradually between 2001 and 2006. Although there appears to be a more significant increase between 2004 and 2005, this likely reflects updated data sources and methodology rather than a jump in visitation. The data between 2001 and 2004 was based on visitor/resident ratios collected in 2001, while 2005 and 2006 data was based on 2006 ratios. For further information on the differences between the two sets of data, please refer to the Visitor Volume chapter.

Summer Visitor Volume, 2001-2006



Sources: 2001-2004 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005 data based on 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

Visitor Profile

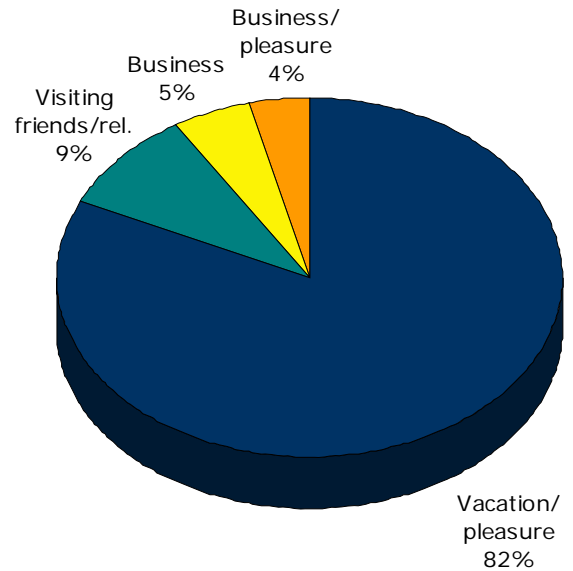
This section summarizes the results of the visitor survey, conducted with out-of-state visitors as they departed Alaska between May and September 2006. A total of 2,703 visitors were surveyed at major exit points: airports, highways, cruise ship docks, and ferries. An additional 2,956 visitors completed online surveys once they returned home, for a total sample of 5,659 visitors. All data was weighted to reflect actual traffic volumes by mode of transportation.

Trip Purpose

Four out of five visitors to Alaska in summer 2006 were traveling for the purpose of vacation/pleasure. Those visiting friends or relatives (VFRs) accounted for 9 percent, while business-related visitors accounted for an additional 9 percent of the market.

Trip purpose varied significantly by transportation market, with 99 percent of cruise visitors traveling for vacation/pleasure. That percentage changes to 82 percent among highway/ferry visitors and 51 percent among air visitors. Air visitors were more likely than other markets to be VFRs (25 percent) and business-related travelers (25 percent).

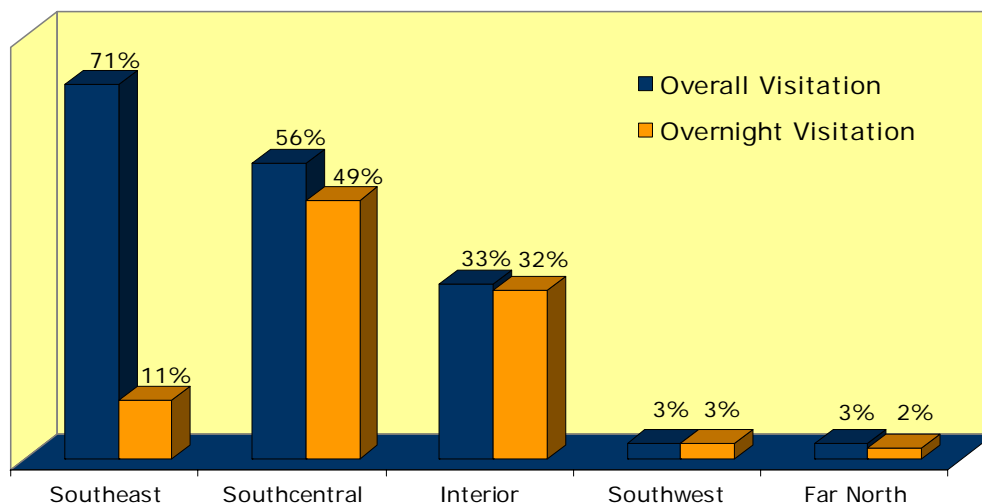
Trip Purpose, Summer 2006



Length of Stay and Destinations

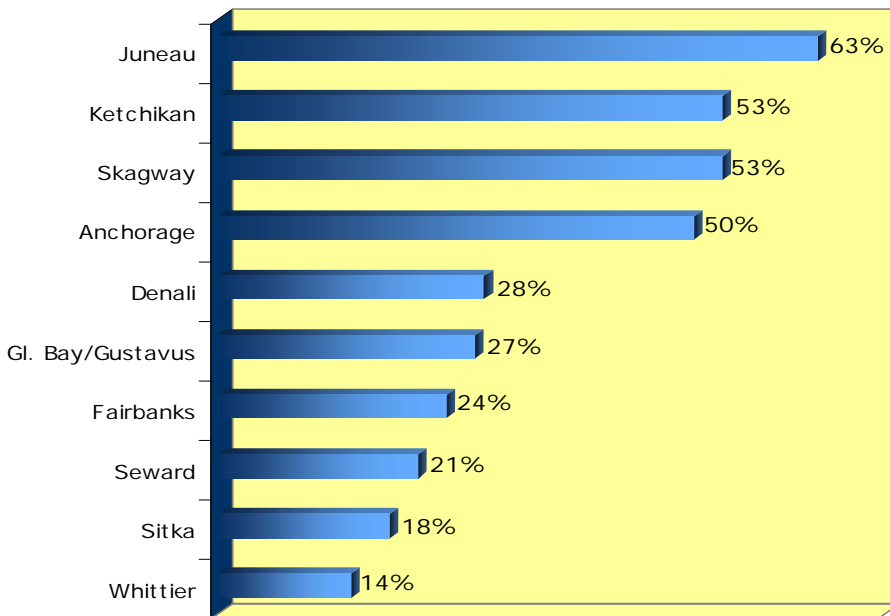
Alaska visitors spent an average of 9.1 nights in the state in the summer of 2006. This figure ranged from 8.1 nights among cruise visitors, to 9.4 nights among air visitors, to 18.8 nights among highway/ferry visitors. Visitors were most likely to visit the Southeast region, followed by Southcentral, Interior, Southwest, and Far North. This order changes when day visits (including cruise ship calls) are removed, showing only overnight visitation. The following chart compares overall and overnight visitation by region.

Regional Visitation, Overall and Overnight, Summer 2006



Cruise ship ports accounted for seven out of the top ten visitor destinations in 2006: Juneau, Ketchikan, Skagway, Glacier Bay, Seward, Sitka, and Whittier. Other destinations in the top ten included Anchorage, Denali, and Fairbanks.

Top Ten Destinations, Summer 2006



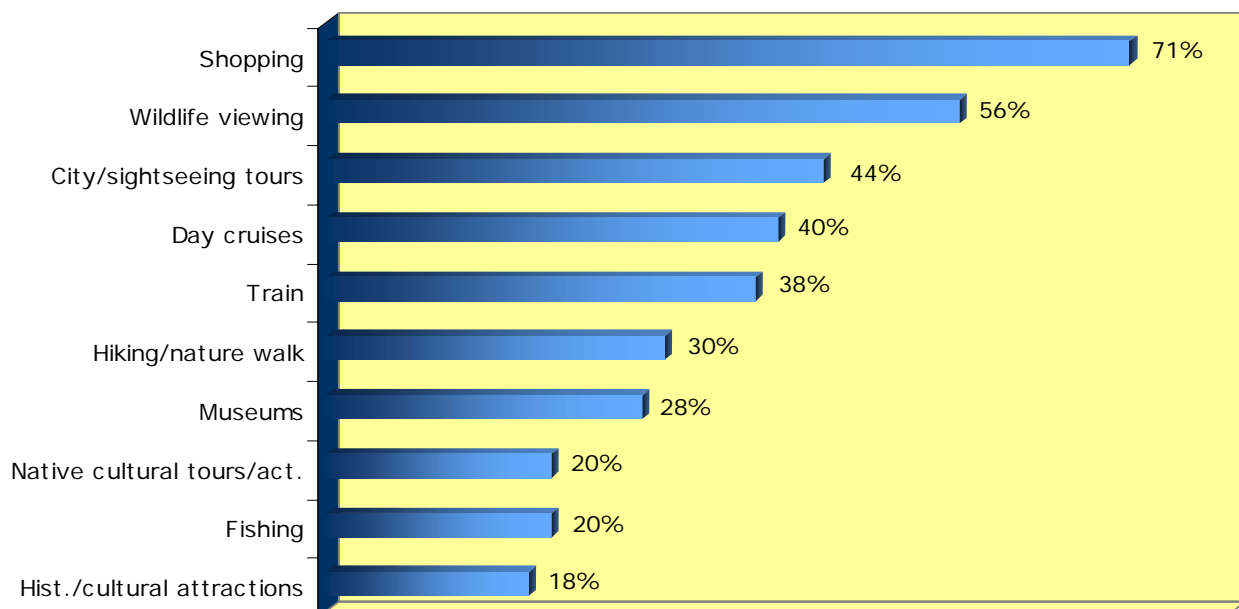
As seen in the previous graphic, when overnight destinations are considered separately, visitation figures change significantly. Just 4 percent of visitors overnights in Juneau, the top overall destination. Anchorage is the most popular overnight destination at 41 percent of all visitors. It is followed by Denali at 25 percent and Fairbanks at 23 percent.

Air visitors were most likely to visit the Southcentral region; virtually all cruise passengers visited Southeast, and highway/ferry visitors traveled widely throughout the state.

Activities

The number one activity among Alaska visitors in summer 2006 was shopping, mentioned by 71 percent of respondents. Participation rates were also high for wildlife viewing, city/sightseeing tours, day cruises, and train. Activity participation varied widely by transportation market, with cruise visitors reporting a higher number of activities, and more tour-oriented activities. Air visitors were more likely to participate in fishing, while highway/ferry visitors showed higher-than-average visitation to museums.

Top Ten Activities, Summer 2006

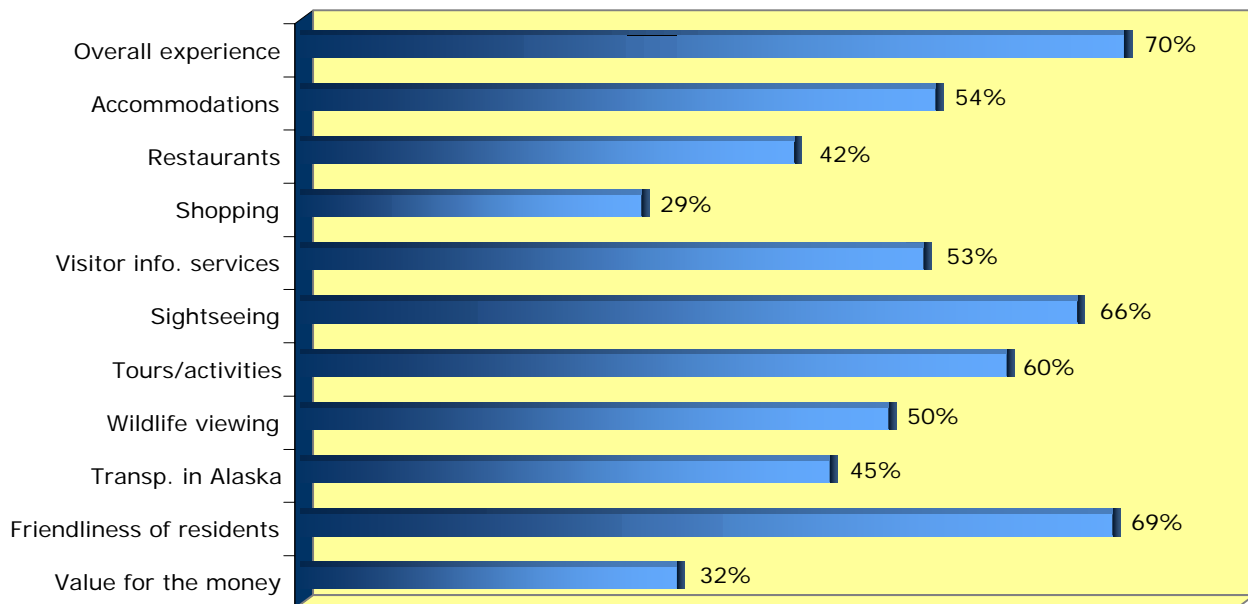


Note: Activity participation rates are based to intercept respondents only.

Satisfaction Ratings

Alaska visitors expressed high levels of satisfaction with most aspects of their Alaska trip. The highest-rated aspect, with 70 percent of visitors very satisfied, was the overall trip experience. Close behind was friendliness of residents, followed by sightseeing and tours/activities. Dissatisfaction was consistently very low, accounting for fewer than 5 percent of responses for most categories. Only three categories earned 5 percent or more dissatisfied ratings: shopping (5 percent), value for the money (7 percent), and wildlife viewing (7 percent). Supporting these high ratings, 79 percent of visitors said they were very likely to recommend Alaska to others, and another 18 percent said they were likely.

Satisfaction Ratings, Summer 2006
Percent of Visitors "Very Satisfied"

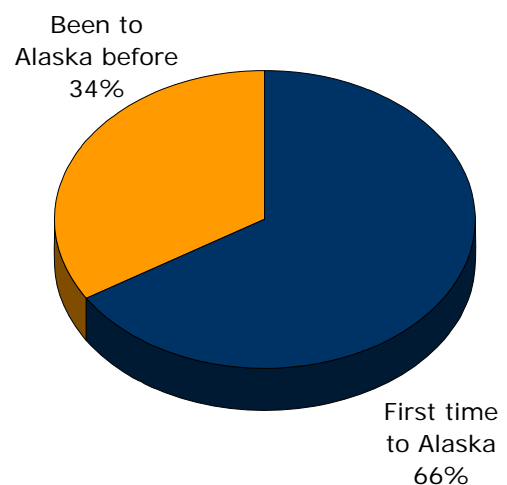


Previous Alaska Travel

One-third of Alaska visitors in summer 2006 had visited Alaska previously. This number ranged from 59 percent among air visitors, to 50 percent among highway/ferry visitors, to 19 percent among cruise visitors. The average number of previous Alaska vacation trips among repeat visitors was 3.4.

Repeat visitors were asked how they entered and exited the state on their last trip. In response, 72 percent of repeat visitors said they traveled by air, 26 percent by cruise ship, 11 percent by highway, and 3 percent by ferry.

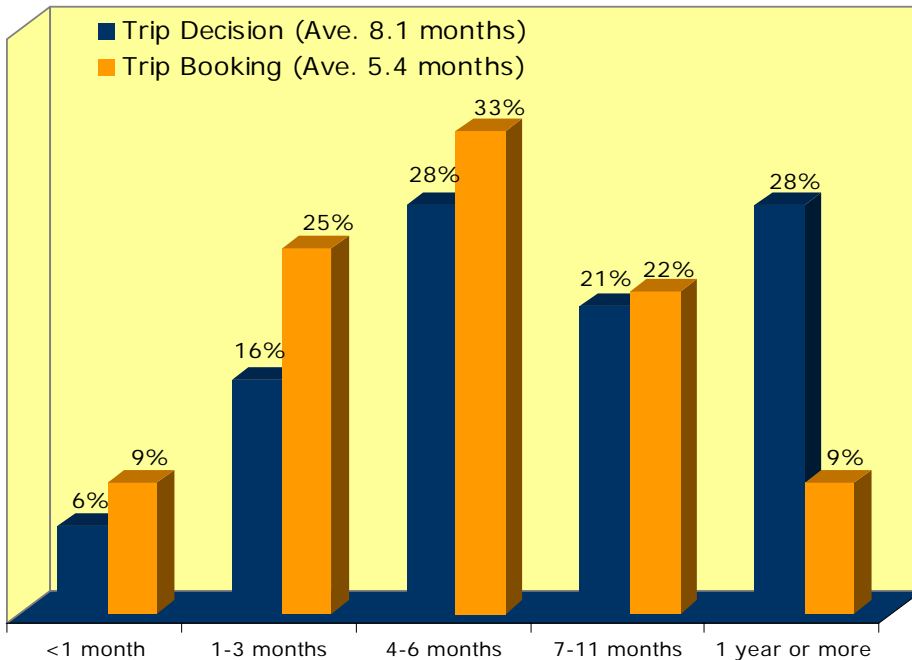
Repeat Travel to Alaska, Summer 2006



Trip Planning

All visitors were asked when they made their Alaska travel decision, and how far ahead of time they booked their major travel arrangements. The chart below shows the average lead times, and the responses in terms of ranges. The chart shows the peak booking time among visitors: 4 to 6 months before the trip.

Advance Time for Trip Planning, Summer 2006



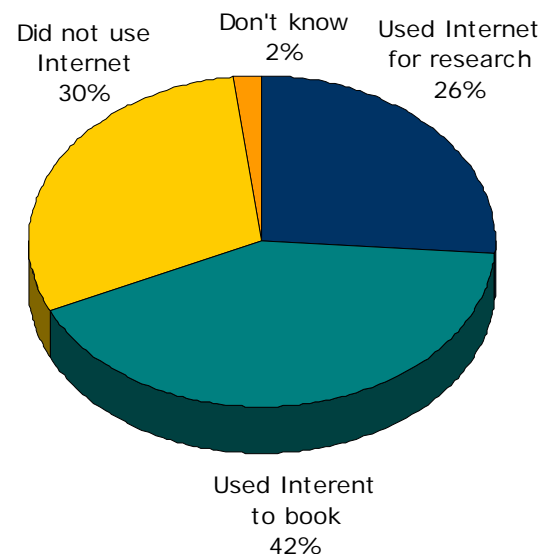
The average lead time for the trip decision was 8.1 months, and for trip booking 5.4 months, among all visitors. Air visitors showed a lower average for the trip decision (6.3) than either cruise (9.0) or highway/ferry visitors (9.5). That relation changes for booking: highway/ferry visitors report the shortest lead time at 2.6 months, air visitors are slightly longer at 3.5 months, and cruise passengers report the longest average lead times for booking at 6.7 months.

Visitors were asked many questions about the sources they used in planning their trip. A series of questions dealt specifically with the Internet, revealing that 68 percent of visitors used the Internet to plan their trip. This figure includes 42 percent who booked at least one component online. The most common item booked online was airfare (30 percent) followed by tours (15 percent) and lodging (12 percent).

Just over half of visitors reported booking a portion of their trip through a travel agent, ranging from 24 percent of air visitors, to 71 percent of cruise visitors, to 11 percent of highway/ferry visitors.

Other popular information sources included friends/family (45 percent), cruise line/tour company (38 percent), prior experience (26 percent), and brochures (25 percent). Air visitors tended to use fewer sources, relying heavily on friends/family and prior experience. Cruise visitors often cited cruise line/tour company but also frequently used friends/family, brochures, AAA, television, and travel guides. The highway/ferry market mentioned the widest variety of sources – corresponding to their tendency to plan all components of their trip, rather than book packages.

Internet Usage, Summer 2006

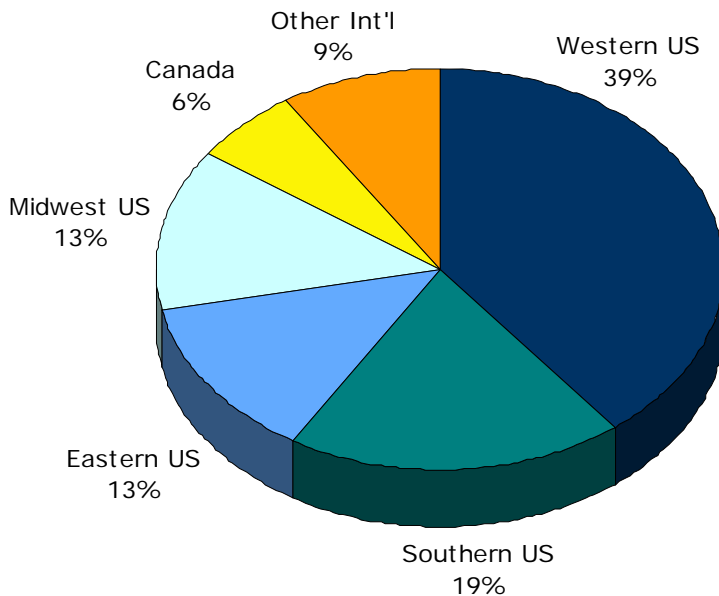


Note: Based to intercept respondents only.

Demographics

The survey collected a wide variety of demographic information, including origin, party size, gender, age, education and income.

Visitor Origin, Summer 2006



Origin data shows that the West accounted for the largest share of Alaska's visitors in summer 2006, at 39 percent. It is followed by the South (19 percent), and East and Midwest (both at 13 percent). Canada accounted for 6 percent of all visitors, and other international countries for 9 percent. International visitors were most likely to be from Europe, particularly the United Kingdom.

Air visitors were more likely than other travelers to be from the West; cruise visitors more likely than average to be from the South and the East; and highway/ferry visitors more likely to be from Canada.

The average party size among summer visitors was 2.4 people, ranging from 2.1 among air visitors, to 2.3 among highway/ferry visitors, to 2.5 among cruise visitors. Six out of ten visitors were traveling in couples, while 18 percent were traveling alone, and 22 percent in parties of three or more.

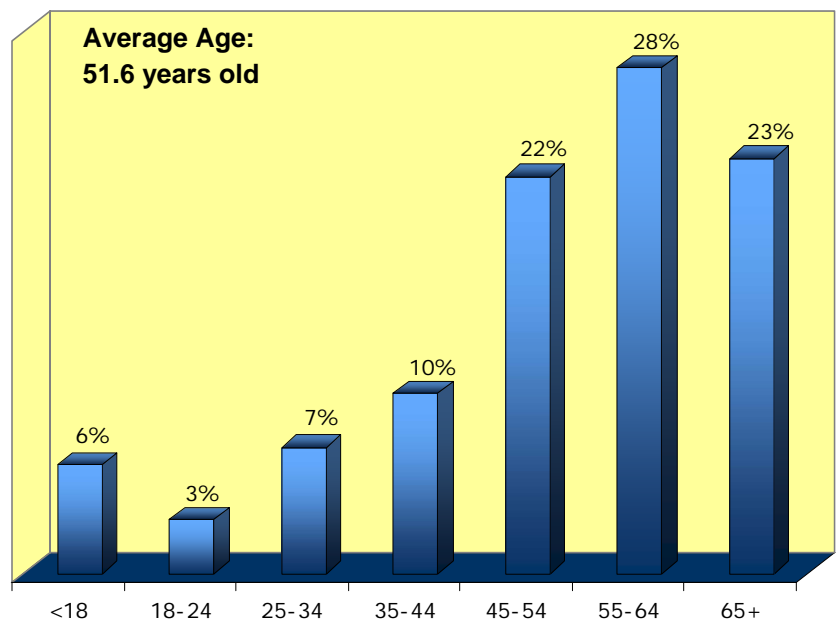
Alaska visitors reported an even gender split in the summer of 2006, with air visitors more likely to be male, and cruise visitors slightly more likely to be female. The average age among visitors was 51.6 years. The chart below illustrates the percentage of visitors in each age range.

One-quarter of Alaska visitors reported children in their household, and 39 percent said they were either retired or semi-retired.

Six out of ten Alaska visitors had graduated from college, including 26 percent who had earned an advanced degree.

The average household income reported by visitors was \$103,000. Both education and income levels were slightly lower among highway/ferry visitors.

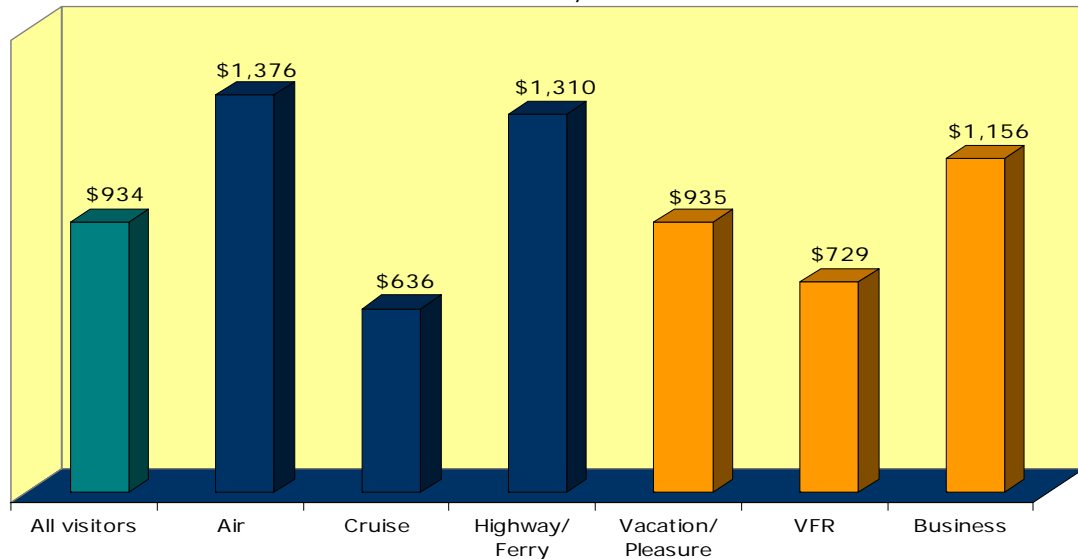
Visitor Age, Summer 2006



Expenditures

On average, visitors spent \$934 per person while in Alaska, not including the cost of transportation to enter and exit the state. Considerable differences exist among the transportation markets and trip purposes, as seen in the graph below. Among transportation markets, air visitors had the highest per person average, closely followed by highway/ferry visitors. (While cruise passengers reported the lowest average, it is important to note that the price of their cruise or cruise/tour package is not included in these figures.) Among trip purposes, business-related visitors reported the highest per person average, followed by vacation/pleasure visitors, then VFRs.

Average Per-Person Expenditures, Summer 2006
Excludes travel to/from Alaska



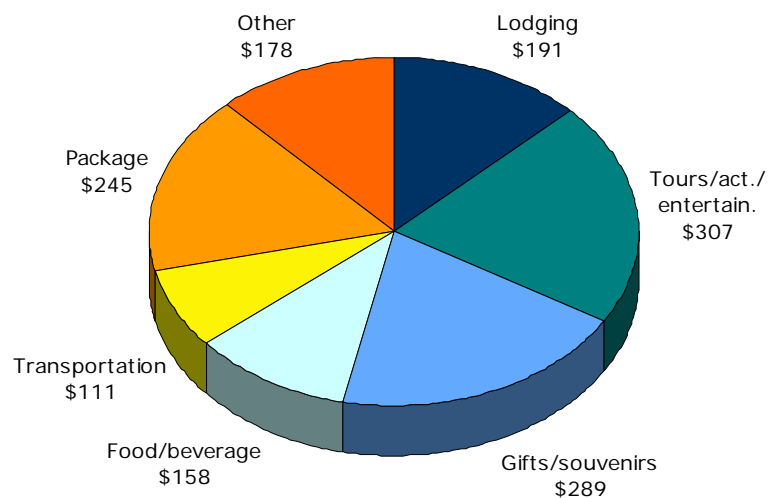
Note: Based to intercept respondents only.

Expenditure results indicate that summer 2006 visitors to Alaska spent a total of \$1.5 billion on their Alaska trip, not including travel to and from the state. Air visitors account for \$809 million of this figure; cruise visitors for \$610 million, and highway/ferry visitors for \$111 million.

The pie chart at right shows how the \$1.5 billion breaks down in terms of spending category. The largest share of total spending is attributable to tours and activities, at \$300 million. The tour sector is closely followed by gifts/souvenirs/clothing, then non-cruise overnight packages.

Expenses included in cruise passengers' cruise/tour packages (such as lodging and transportation) are not reflected in these totals. Based on the average reported per person cruise price of \$1,897 and the total volume of 958,900, the cruise market spent approximately \$1.8 billion on cruises and cruise/tour packages in 2006.

Total Visitor Expenditures, Summer 2006
By Category, in Millions of Dollars



Total Visitor Expenditures: \$1.5 Billion

Trends

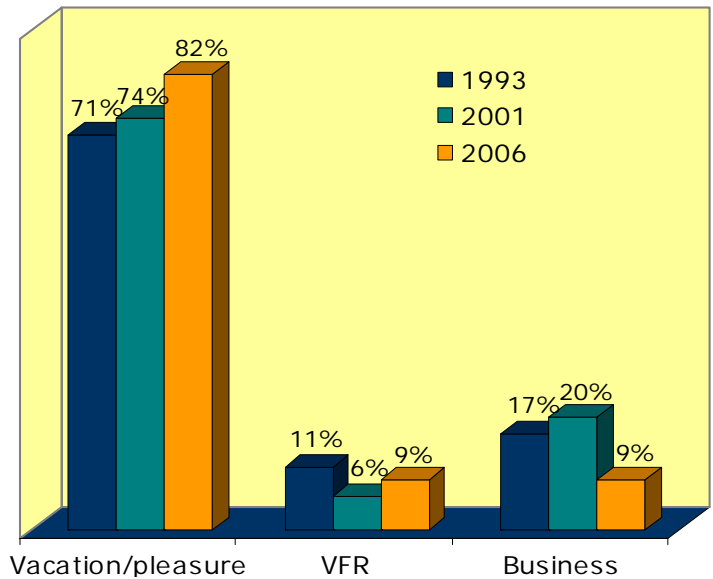
Over the generations of AVSP, visitors to Alaska have changed in several important ways; in others, today's visitors are very similar to their predecessors. The most noticeable shifts are attributable to the growing importance of the cruise industry in the overall market, as described in the visitor volume section. The highway/ferry market has gradually declined, affecting variables like length of stay and trip planning habits.

Changes in methodology and question wording over the generations of AVSP make some data difficult to compare over time. Some of the more comparable data include trip purpose, length of stay, party size, and age, among others.

The proportion of the visitor market traveling for vacation or pleasure has increased over the years, from 71 percent in 1993 to 82 percent in 2006. This is a direct reflection of the growth in the cruise ship market in comparison to other visitors (99 percent of cruise ship passengers are vacation/pleasure visitors).

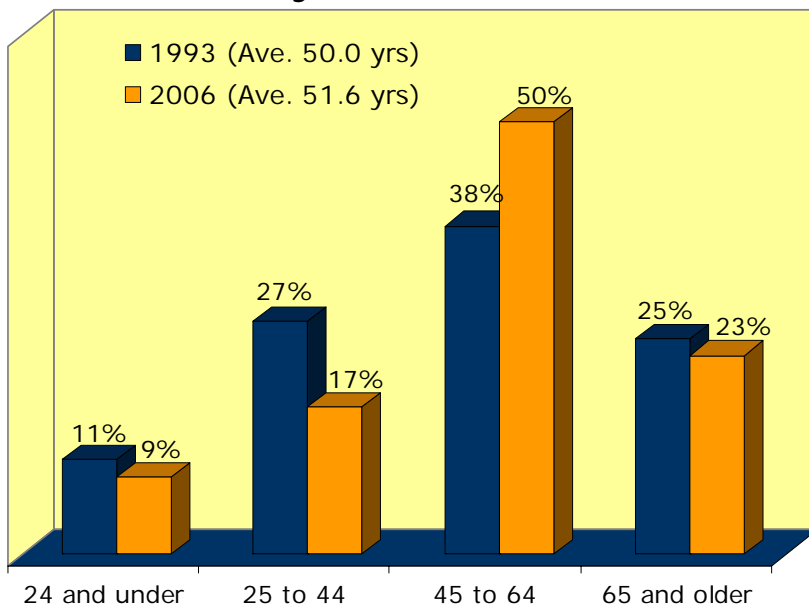
The average length of stay decreased only slightly between 1993 and 2006, from 10.2 to 9.1 nights. A more significant change is detectable in terms of ranges: the proportion staying more than two weeks fell from 22 percent in 1993 to 8 percent in 2006. This reflects the declining share of the market traveling by highway or ferry, who tend to stay much longer in the state.

Trip Purpose Trends: 1993, 2001, 2006



Sources: 1993 data from AVSP III (conducted by McDowell Group); 2001 data from AVSP IV (conducted by Northern Economics).
Note: Business category includes business/pleasure visitors.

Age Trends: 1993, 2006



Source: 1993 data from AVSP III (conducted by McDowell Group).

The average age of Alaska visitors changed only slightly between 1993 and 2006, from 50.0 to 51.6 years. The oldest (65+) and youngest (<25) segments shifted by only 2 percent each. A larger shift is perceptible in the middle age ranges: The 25-44 segment decreased from 27 percent in 1993 to 17 percent in 2006, and the 45-64 segment increased from 38 percent in 1993 to 50 percent in 2006. (Age data in 2001 was reported by decade, and was not reported in terms of average, making it difficult to compare with 1993 and 2006 data.)